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FOURTH STAR—Lt. Gen. William W. Momyer, Seventh Air Force Commander, receives his fourth star from Gen. William C. Westmoreland (left) and Gen. Creighton W. Abrams (right), Commander and Deputy Commander, U.S. Forces in Vietnam. Gen. Momyer, who has served in Vietnam since July 1966, was nominated for promotion by President Johnson in mid-December.

VA Warns of Continuing Liability In Sale of GI Loan-Covered Home

Many veterans and servicemen selling their GI loan-covered homes are not aware of their continuing liability, the Veterans Administration has discovered.

If a person sells a home which is secured by a GI loan, VA officials said, he is still legally liable for the loan unless the loan is paid in full in connection with the sale, or the VA gives a written release from all future liability on the loan.

If no written release is obtained, officials said, the person who buys the home and defaults will leave the original owner owing the U.S. government the amount VA must pay to the holder of the loan under the loan guaranty contract.

The original owner is responsible even if the buyer assumes personal liability for repaying the loan, or the

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ANG Units Change Mission

Beginning in July, the primary missions of three Air National Guard units will be changed from military airlift to aeromedical airlift.

Units being redesignated are the 161st, Phoenix, Ariz.; the 153rd, Cheyenne, Wyo.; the 167th, Martinsburg, W.Va.

The 161st, currently flying C-97s, will convert to C-121 Super Constellations. The other units already have C-121s.

Troop Redeployment Expected to Improve Balance of Payments

The U.S. State Department expects the nation's balance of payments situation to improve during 1968.

State Department made this announcement in conjunction with the word that as many as 35,000 U.S. military personnel stationed in Germany would be redeployed to CONUS during the year.

Gold outflow is expected to be reduced by an annual rate of $75 million beginning in calendar year 1969, including the effect of the troop movement.

The German government intends to continue procurement of military goods and services in the U.S. on a scale significant in relation to the German defense effort. The total of Germany's prospective purchases, however, does not match U.S. expenditures in Germany for military purposes.

Arrangements also include the will-

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Charles A. Bowsher Sworn In As Assistant Navy Secretary

Charles A. Bowsher has been sworn in as Assistant Secretary of Navy for Financial Management.

He was nominated for the position in August when Charles F. Baird vacated it to become Under Secretary of Navy.

Mr. Bowsher came to DOD from Arthur Andersen and Co., Chicago, where he specialized in administrative services.

Background for Commanders

1967 — A PROGRESS REPORT

In a recent address, Secretary of State Dean Rusk reviewed significant international developments of 1967. Excerpts from this address follow as a year-end summary of world affairs highlights.

This has been a year of considerable pain and violence. But 1967 has also been another kind of year: one of constructive developments. These include:

The successful conclusion of the Kennedy Round negotiations—the most far-reaching assault ever made on barriers to international trade.

The International Monetary Fund loan to Britain in connection with devaluation of sterling; and the Gold Pool, through which leading Western powers helped to maintain orderly markets for gold and foreign exchange following sterling devaluation.

The Space Treaty, [which] was ratified and went into effect—bringing under a regime of law the marvelous enterprises of man in reaching out from his earthly home, attempting to assure that these activities will be peaceful and not become a deadly threat to the human race.

An agreement on the principles of temporary tariff advantages for developing countries, reached by the 21 members of the Organization for Economic Cooperation and Development.

NATO

The other 14 members of NATO dealt successfully with the problems arising from the French withdrawal:

- We and our allies met the French request to close all foreign military installations in France by April 1.
- The North Atlantic Council and the Military Committee were located in Brussels in October.

NATO made significant advances in planning:

- The Fourteen agreed on a new strategic concept which incorporates a flexible response, and thus better reflects a policy of credible deterrence, the current threat, and allied capabilities.
- Two new bodies were established to coordinate nuclear planning within NATO.
- The NATO Defense Planning Committee completed work on an agreed Force Plan for 1968-72.
- We and our allies examined some basic questions about the North Atlantic Alliance, particularly future political tasks, including relations with the Soviet Union and Eastern Europe.

The Middle East

The threat of war between Greece and Turkey over Cyprus was relieved, with the help of mediation by the Secretary General of NATO, a representative of the Secretary General of the United Nations, and a personal representative of our President.

The war in the Near East was halted in four days without the intervention of great powers.

An agreement on the Yemen was reached between Saudi Arabia and the United Arab Republic—after five years of strife which threatened to embroil them and other nations in war.

Our economic aid program to Iran [was terminated] because, after 15 years, it had achieved its goal—to help Iran to attain self-sustaining growth. Indeed, the economic and social progress of Iran is one of the great success stories of our time.

The USSR

The Soviet Union and the United States made substantial progress toward an agreed draft of a [nuclear] Non-Proliferation Treaty.

In our bilateral relations with the Soviet Union:

- We ratified the Consular Convention—the Soviet Union has not yet done so.
- Progress was made in arranging for the inauguration of commercial air service between Moscow and New York.

Africa

Voices of moderation gained ascendancy in the councils of the Organization for African Unity.

The African Development Bank made its first loan.

There was further progress in subregional cooperation in Africa—for example by the creation of the new East African Community.

Latin America

Agreement [was made] by the Presidents of the Latin American Republics to move toward economic integration in the next decade—one of the most important collective decisions our friends to the South have ever made.

Modernization of the Charter of the Organization of American States [was achieved].

Castro's efforts to promote guerrilla warfare and subversion in the Western Hemisphere suffered sharp reverses in Bolivia, Venezuela, and elsewhere.

The Pacific and East Asia

Naturally our attention has been centered on Vietnam. But there were important developments elsewhere in East Asia and the Pacific. These included:

Political, economic, and social progress in most of the non-Communist countries—in some with dramatic speed.

Further easing of some long-standing international tensions—for example, between Indonesia and its neighbors, and between Japan and the Republic of Korea.

Continuing difficulties within Communist China.

Rising confidence in the future in the non-Communist nations.

Japan: That the new Japan has made remarkable economic progress is well known. But I doubt that its full dimensions are widely realized. At present relative rates of growth, Japan will soon be third in the world in Gross National Product, trailing only the United States and the Soviet Union. The economic growth of Japan has had a major impact on our trade. Japan has become our largest customer for agricultural products. Its economic growth has also enabled it to enlarge its assistance to developing nations—last year, about $550 million.

The Republic of Korea: Another success story. Since 1963 it has had a rise in industrial production of 43%. The Republic of Korea is now a major contributor to the security of Free Asia. It has sent to South Vietnam two Army divisions and a Marine brigade—49,000 superb troops.

The Republic of China: Since 1956 its industrial production has increased by an average of 12% a year and its exports by an average of 17%. In 1965, on the judgment that the economy of Taiwan had attained self-sustaining growth, we terminated our 15-year-old economic aid program. Its progress contrasts sharply with mainland China, where the standard of living has declined over the past decade.

The Republic of the Philippines: The Marcos administration is making noteworthy progress with a program concentrating on rice production and road building. The Philippines has responded to the request for help from the Republic of Vietnam by sending a 2,000-man military engineering unit and other assistance.

Thailand: An annual economic growth rate of more than 8%. [It] is a major contributor also to the military security of Southeast Asia. Thailand has sent combat forces to Vietnam: a regiment—2,600—men in addition to some air and naval personnel. And it has announced that it will send 10,000 more combat troops.

Malaysia and Singapore: [Both] are functioning democracies. And both have been making large investments in education, public housing, rural and industrial development, and social services, with noteworthy rises in literacy and health standards.

Laos: The non-Communist part has kept its economy going and made progress despite obstructions and military harassments by the Communists. Construction of the first major Mekong Valley project—the Nam Ngum dam—is now beginning, through combined efforts of several organizations and nations, including the U.S.

Indonesia: Long strides since thwarting the Communist coup in October 1965. Incentives have been given for exports, various foreign properties returned to owners, foreign investment invited. With courage and tenacity, the present government has laid the groundwork for sound development in the world's fifth or sixth more populous nation—and potentially a very prosperous nation.

Republic of Vietnam: Major progress since the summer of 1965—dramatic on the military side and politically, in adopting a constitution and holding free elections.

Stability and Confidence

This remarkable progress of most of the non-Communist nations of East Asia and the Western Pacific reflects political stability and confidence in the future. That stability and that confidence stem from the conviction in these countries that they are going to have the chance to develop in their own way under governments of their own choice. And that conviction is rooted in two developments: the internal failures of Communist China and the firm stand against aggression which we and our allies have taken in Vietnam.

The non-Communist governments of East Asia know that Communism is not the wave of the future. Most of them know that economically and socially, they can far outstrip the Asian Communist states. And they know that the militant leaders of Peking, and their disciples, will not be permitted to destroy and take over their non-Communist neighbors in that part of the world.

Meanwhile, the situation in South Vietnam is not a stalemate. And what has been done by the splendid Americans who are there has already yielded dividends of historic significance. Behind the shield which we have helped to provide, a new Asia is rising.

International Cooperation

These promising developments were only a part of what was accomplished during 1967 to further the interests and security of the United States, to facilitate the affairs of mankind which require international arrangements, and to build a prosperous, stable, and peaceful world.

We participate in more than 50 international institutions and programs. We have more than 40 allies. During 1967, we took part in some 600 multilateral international conferences concerned with promoting economic, social and cultural cooperation. During the year the Senate has given its advice and consent to 25 treaties.

Bit by bit, we are building a structure of peace. That is our goal: a lasting peace that is safe for ourselves and all others who believe in freedom.

NSLI Insurance Dividends Will Be Increased for 1968

Approximately four million World War II veterans holding National Service Life Insurance policies will receive an average dividend payment of $52 during 1968. The 1967 dividend averaged $46.

The Veterans Administration said dividends will be paid on the anniversary dates of the policies with dividend payment beginning Jan. 1.

While dividends will vary according to plan, age and amount of insurance coverage, the VA pointed out that veterans who converted their G.I. insurance to permanent plans will get higher dividends in 1968 because of increased interest earnings on reserves.

However, VA noted that modified straight life insurance policy holders with face value reduced to half at the age of 65, will not share in next year's dividend since premium rates for 212,000 veterans holding these policies are so near actual costs that no surplus has accumulated.

About half of the four million World War II NSLI policies are of the "permanent plan."

Dividends were first paid on U.S. Government Life Insurance policies in 1919. Since that time, including the 1968 payment, about $700 million in USGLI dividends have been paid.

AIR FORCE CROSS—Maj. Richard L. Mehr receives the Air Force Cross from Lt. Gen. John W. Carpenter III, Commander, Air University, Maxwell AFB, Ala., in ceremonies at Ft. Sill, Okla. Maj. Mehr was cited for "extraordinary heroism while piloting an A-1E Skyraider in Southeast Asia in July, 1967.

Balance of Payments

(Continued from page 1)

ingness of the Bundesbank to invest $500 million in special medium-term U.S. government securities between July 1967-June 1968. Also, the Bundesbank has notified the German government that it intends to continue its practice of not converting dollars into gold as part of a policy of international monetary cooperation.

A similar agreement, of smaller dollar content, has been reached between Germany and London.

In a further effort to assist the British to meet their foreign exchange costs in Germany, the United States has undertaken to make, on a basis of open and competitive bidding, an additional $19.6 million of military purchases in Britain before March 31, 1968.

AF Makes First 'Dummy Drop' Of Short-Range Attack Missile

The first "dummy drop" of a short-range attack missile (SRAM) from a powered aircraft has occurred over the Smoky Hill Bombing Range in Kansas.

The missile is being developed for use on Strategic Air Command FB-111 sweep-wing aircraft and possible use on late model B-52 Stratofortresses.

Dropped from a B-52, the unpowered test model of the SRAM was made to confirm wind tunnel and model test data on the missile's aerodynamic characteristics. Additional tests, using a modified B-52H, are to be made in early 1968.

SRAM is an air-launched, short-range missile designed to be employed against the same type target as the Hound Dog missile now carried by SAC B-52s.

MARS Stations in RVN Log 30,000 Holiday Calls

The Military Affiliate Radio System (MARS) in Vietnam was in full swing during the holiday season relaying calls to the United States.

During December, the stations handled more than 30,000 calls and relayed more than 50,000 messages from servicemen there.

The MARS stations in the combat zone got their start in December 1965 when the Vietnamese government authorized operations and 15 stations were opened. Now, some 60 stations are located in all parts of Vietnam, and two of them are aboard the hospital ships USS Repose and USS Sanctuary.

The stations are linked to the United States by 38 radio frequencies through "gateway" stations in Hawaii, Alaska and nearly 29,000 civilian affiliated stations in the U.S.

The civilian affiliates receiving radio messages forward them by commercial lines. The only cost to the serviceman is the price of a collect call from the stateside station to the recipient.

Worldwide, there are about 760 MARS stations.

GI Loan Liability

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second owner sells to another person, they said.

To avoid such liability, the seller of a GI-loan home is urged to write to the VA office that guaranteed the loan and get information on how to be released from personal liability to the VA. The release must be obtained before the sale contract is signed.

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